METHOD, APPARATUS AND SYSTEM FOR PRICING AND SELLING FAMILY PROTECTOR INSURANCE

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BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates generally to a method and system for pricing and selling insurance.

2. Background

Over the years a number of different insurance companies (i.e., insurers) have offered various types of insurance contracts (or insurance policies as they are sometimes called), all for the purpose of protecting those individuals contracting with the insurance company (i.e., insureds) from any number of different losses, risks or perils. The term "insurance contract" is defined as a contract whereby, for an agreed upon consideration, the insurer undertakes to compensate, in the form of money or other valuable act, the insured for losses suffered or liability arising from either an unknown or contingent event, risk or peril.

The protection offered by insurers takes many forms. Two of the most popular forms of insurance have been disability insurance and life insurance.

Insurance statistics reveal that a working person is sixty (60) times more likely to become disabled than to suffer an untimely death. For that reason, disability insurance is

1   frequently provided for individuals and business entities to provide monetary protection

2   in the event a loved one or a key person within the business suffers a defined disability.

3   Individuals purchase disability insurance to protect their families in the event a

4   spouse, parent or parents become incapable of providing for the family. In the event of

5   the defined disability of an insured, benefits are paid to the family as designated in the

6   contract. The monies received from a policy are generally used to provide for, among

7   other things, daily living expenses, college fees and tuition, and maintenance necessities.

8   Business entities purchase insurance policies on their key employees, and partners

9   frequently purchase policies on each other. For companies, the purpose of such insurance

10   contracts is two-fold. First, policies provide the funds necessary to provide for the needs

11   of very important persons who become incapable of performing his/her assigned duties.

12   The monies are generally used to provide for, among other things, daily living expenses,

13   college fees and tuition, and maintenance necessities. Second, policies provide the

14   company the means to replace the disabled or deceased employee without undue

15   economic hardship to either the company or the employee.

16   By placing a small premium with an insurance company, individuals and

17   companies provide protection to their families and business associates that would

18   otherwise not be possible. They recognize that the coverage they purchase offers the

19   opportunity for the family or associate to survive under difficult circumstances, but with a

20   reduction of the economic duress frequently experienced when a loved one or key

21   business figure becomes disabled. The insurer, by pooling the premiums from many

22   purchasers and paying out of that pool, is able to provide the monthly sums needed but

23   otherwise unavailable.

1   Life insurance is utilized by individuals and business entities to provide monetary

2   protection in the event of the death of a loved one or a key person within the business.

3   Individuals purchase life insurance to protect their families in the event a spouse, parent

4   or parents suffer untimely demises. In the event of the death of an insured, benefits are

5   paid to the family as designated in the contract. The monies received from a policy are

6   generally used to provide for, among other things, paying off mortgages, daily living

7   expenses, college fees and tuition, and maintenance necessities.

8   Business entities purchase insurance policies on their key employees, and partners

9   frequently purchase policies on each other. For companies, the purpose of such insurance

10   contracts is often to provide the funds necessary to continue the business operation after a

11   very important person has passed away. The monies are generally used to seek out and

12   hire a person demonstrating the skills and expertise the deceased person possessed, and

13   without which the company would suffer.

14   Partners and closely held business entities frequently purchase insurance policies

15   on their owners to provide the money necessary to purchase the deceased party's portion

16   of the business. Those policies are generally purchased in conjunction with a purchase

17   and sell agreement entered into by the business associates/owners.

18   By placing a small premium with an insurer, individuals and companies provide

19   protection to their families and entities that would otherwise not be possible. They

20   recognize that the coverage they purchase offers the opportunity for the family or entity

21   to proceed under difficult circumstances, but with a reduction of the economic duress

22   frequently experienced upon the death of a loved one or key business figure. The insurer,

1 by pooling the premiums from many purchasers and paying out of that pool, is able to

2 provide the monetary lump sums needed but otherwise unavailable.

3   Disability and life insurance are, however, certainly not the only forms of insurance

4 available to consumers today. Some other forms of popular insurance include the

5 following:

6 (1)   Automobile insurance, which routinely covers the insured against loss of or

7   damage to a motor vehicle caused by fire, windstorm, theft, collision, or other

8   insurable hazards. Automobile insurance also routinely covers the insured against

9   legal liability for personal injuries or damage to property resulting from operation

10   of the vehicle.

11 (2)   Business insurance (or key person insurance), which routinely provides life

12   insurance benefits payable to a business upon the death or disability of a key

13   employee.

14 (3)   Business interruption insurance, which routinely protects a business from losses

15   due to the inability to operate the business as a result of fire or other insurable

16   hazards.

17 (4)   Casualty insurance, which routinely protects against losses cause by injuries to

18   persons and legal liability imposed upon the insured for injury or damage to the

19   property of others.

20 (5)   Collision insurance, which is a form of automobile insurance that covers loss to

21   the insured vehicle from its collision with another vehicle or object, but which

22   does not cover bodily injury or liability arising out of the collision.

1   (6)   Commercial insurance, which is an indemnity agreement in the form of an

2   insurance bond or policy, whereby parties to commercial contracts are to a

3   designated extent guaranteed against loss by reason of a breach of contractual

4   obligations on the part of the other contracting party.

5   (7)   Employer's liability insurance, which protects the insured against liability

6   incurred by the employer to an employee as a result of an accident, injury, or

7   death occurring in during the course of employment.

8   (8)   Fire insurance, which protects the insured against all losses suffered to houses,

9   buildings, furniture, or other insured possessions, as a result of accidental fires

10   occurring within a prescribed period.

11   (9)   Flood insurance, which protects the insured from losses suffered as a result of

12   flood damage.

13   (10)   Health insurance, which is an agreement whereby an insurer is obligated to pay or

14   allow a benefit of pecuniary value with respect to the bodily injury, disablement,

15   sickness, death by accident or accidental means of a human being, or because of

16   any expense relating thereto, or because of any expense incurred in prevention of

17   sickness, and includes every risk pertaining to any of the enumerated risks set

18   forth in the policy.

19   (11)   Malpractice insurance, which is insurance typically carried by doctors, lawyers

20   and other professionals to cover liability for injuries or damage caused to patients

21   and/or clients.

22   (12)   Mortgage insurance, which is an insurance contract from which the benefits are

23   intended by the policy owner to pay off the balance due on a mortgage upon the

1   death of the insured or to meet the payments on a mortgage as they fall due in

2   case of the death or disability of the insured.

3 (13) Patent insurance, which is insurance against losses due to infringement of the

4   insured's patent, or due to claim of infringement of the other's patent by the

5   insured.

6 (14) Product liability insurance, which provides liability protection against claims

7   arising out of the insured's property, conduct or the conduct of an agent.

8 (15) Retirement income insurance, which is a type of insurance in which the insurer

9   guarantees payment of the policy if the insured dies before a certain age and an

10   annuity if the insured survives beyond the specified period.

11 (16) Title insurance, is an insurance policy issued by a title company after searching

12   the title, representing the state of the title and insuring the accuracy of its search

13   against claims of title defects.

14 (17) Workers compensation insurance, which covers employers payments to

15   employees who are injured in accidents arising out of and in the course of their

16   employment.

17   As can be readily seen, there are a number of different types of insurance

18 contracts available to individuals, families and businesses. Up until now, however, there

19 has been no insurance offered by any insurer that in any way deals with a significant

20 family and societal problem: divorce. Statistics demonstrate that in the United States

21 there are 1,200,000 divorces per year. First marriages end in divorce 32% of the time,

22 and subsequent marriages end in divorce 50% of the time. Additionally, 1,000,000

23 children each year are affect by divorce.

1   The dissolution of a marriage can significantly and adversely affect the financial

2   well being of any family caught in the throngs of divorce. Nevertheless, despite the

3   significant personal and societal difficulties presented by divorce, and despite the number

4   and variety of insurance policies currently available, there are no insurance products

5   currently offered that in any way protect the payee spouse in the event that the alimony

6   paying spouse is disabled and unable to work, in the event the payor spouse dies, or in the

7   event the payor spouse ceases making payments or makes reduced payments. Likewise,

8   there are no insurance products currently offered that in any way protect the children of a

9   divorced family in the event the child support paying spouse is disabled and unable to

10   work, in the event the child support paying spouse is disabled and unable to work, or in

11   the event the payor spouse ceases making payments or makes reduced payments.

12   For purposes of this application the alimony paying spouse and the child support

13   paying spouse will sometimes be referred to as the "payor spouse."

14

15   SUMMARY OF THE INVENTION

16   The present invention advantageously fills the aforementioned deficiency in the

17   prior art by providing a method, apparatus and system for pricing and selling Family

18   Protector Insurance.

19   The present invention advantageously enables the purchaser, for an appropriate

20   premium payment to the insurer, to purchase Family Protector Insurance, which will

21   insure the payee spouse and/or the children of the divorced family against losses suffered

22   due to the disability or death of the alimony and/or child support paying spouse. Family

23   Protector Insurance may also insure the payee spouse and/or the children of the divorced

1   family against losses suffered in the event the payor spouse ceases to make payments or

2   makes reduced payments. This family protector insurance will guarantee that upon the

3   disability and/or death of the payor spouse, the insurer will pay the monthly specified

4   sum, which may be fixed or variable, to the person, persons, or entity named as

5   beneficiary(ies) in the family protector insurance policy, pursuant to the specific terms of

6   the policy, as determined by the divorce decree and payments ordered therein by the

7   courts. Additionally, family protector insurance may also guarantee that upon the failure

8   to pay, or the payment of reduced sums, by the payor spouse, the insurer will pay the

9   monthly specified sum, which may be fixed fixed or variable, to the person, persons, or

10   entity named as beneficiary(ies) in the family protector insurance policy, pursuant to the

11   specific terms of the policy, as determined by the divorce decree and payments ordered

12   therein by the courts.

13   Other aspects of the present invention are directed to a computer program and an

14   apparatus corresponding to the method previously described and to an embodiment using

15   a central controller and a number of agent terminals.

16

17   BRIEF DESCRPTION OF THE DRAWINGS

18   FIG. 1 is a block diagram of the overall system

19   FIG. 2 is a block diagram of the central controller.

20   FIG. 2A is an alternative block diagram of the central controller.

21   FIG. 3 is a block diagram of the agent terminal.

22   FIG. 4 is a flow chart illustrating an exemplary process by which an individual

23   may obtain Family Protector Insurance.

1   FIG. 5 is a flow chart illustrating a first alternative process by which an individual

2   may obtain Family Protector Insurance.

3   FIG. 6 is a flow chart illustrating a second alternative process by which an

4   individual may obtain Family Protector Insurance.

5   FIG. 7 is a flow chart illustrating a third alternative process by which an

6   individual may obtain Family Protector Insurance.

7   FIG. 8 is a flow chart illustrating a fourth alternative process by which an

8   individual may obtain Family Protector Insurance.

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10   DETAILED DESCRIPTION OF THE INVENTION

11   The present invention is directed to a method, apparatus and system for pricing

12   and selling Family Protector Insurance.

13   The mechanics of Family Protector Disability Insurance are set forth in FIG. 1.

14   FIG. 1 is an overall system block diagram of the present invention. In this embodiment

15   the central controller 200 is linked to at least one input device 215. Two input devices

16   are depicted in FIG. 1, but it will be readily understood by those skilled in the art that any

17   number of input devices may be used. A transaction can be initiated from any one of the

18   input devices 215. The information required to implement the transaction is passed

19   between the input device 215 and the central controller 200, until the transaction is

20   complete. The central controller 200 keeps track of all transactions. The input device

21   215 may be an agent terminal 300 (described infra in FIG. 3), a keyboard, voice

22   recognition system or other input device capable of conveying information from the user

23   to the central controller 200.

1   The system depicted in FIG. 1 may be embodied in hardware specifically

2   provided to implement the present invention. Alternatively, the system may be

3   implemented using the infrastructure that already links insurers to insurance agents,

4   and/or the links already in place between an insurers server and private individuals.

5   FIG. 2 is a block diagram of a central controller 200. The central controller

6   includes a CPU 210, which is responsible for performing the processing functions of the

7   central controller 200. The central controller 200 also includes a Read Only Memory 220

8   (ROM) and a Random Access Memory 230 (RAM). The ROM 220 is used to store at

9   least some of the program instructions that are to be executed by the CPU 210, such as

10   portions of the operating system or BIOS, and the RAM 230 is used for temporary

11   storage of data. A clock circuit 240 provides a clock signal that is required by the CPU

12   210 in order to adequately perform its functions. The central controller 200 may also

13   include a calculation processor 270 that is connected to the CPU 210. The use of a CPU

14   210 in conjunction with ROM 220, RAM 230, and a clock circuit 240 should be well

15   known to those skilled in the art of computer hardware design.

16   The central controller 200 also includes a communications port 250 that enables

17   the CPU 210 to communicate with external devices, such as an agent terminal, 300. The

18   communications port 250 enables communication between external devices and the CPU

19   260 through the modem 260.

20   It should be noted that while the illustrated embodiment depicted in FIG. 2 uses a

21   modem 260 to communicate with remote devices, it should be readily known and well

22   understood to those educated in the art that other methods of communicating with remote

23   devices may be used instead of, or in conjunction with, a modem.

1   The CPU 210 can also store information to, and read information from, the data

2   storage device 280.

3   FIG. 2A is an alternative embodiment of a central controller 200. FIG. 2A depicts

4   an input device, 205, that is connected directly to the CPU 210 of the central controller.

5   This input device may be a keyboard, voice recognition system or other device capable of

6   communicating information from the user to the central controller. Additionally, FIG.

7   2A depicts a Video Output Device 207, which is connected to the CPU 210 through a

8   Video Driver 206.

9   FIG. 3 is a block diagram of an agent terminal 300, which can be located at any

10   number of locations, including an insurers' place of business, an insurance agency, or a

11   private home, to name but a few places. There can be any number of agent terminals 300

12   linked up to one central controller 200. Like the central controller 200 described above,

13   the agent terminal 300 includes a CPU 310, ROM 320, RAM 330, and a clock circuit

14   340. The agent terminal 300 also includes a communications port 350 that connects to a

15   modem 360, or other communications device, to enable communication between the

16   agent terminal 300 and the central controller 200.

17   It is also possible for either an IBM compatible personal computer or an Apple

18   Macintosh computer to be used as the agent terminal. Alternatively, a dedicated, stand-

19   alone agent terminal may be used.

20   The agent terminal 300 also includes an input device 400 to receive input from an

21   operator. Any of a wide variety of input devices would be suitable for this purpose,

22   including but not limited to, keyboards, mice, touch screens, laser pens, voice activated

23   systems and other similar input devices. The input device 396 can interface directly with

1   the CPU 310. Alternatively, an appropriate interface circuit may be placed between the

2   CPU 310 and the input device 395.

3   The agent terminal 300 also includes a video output device 390 for conveying

4   information to the operator. The preferred embodiment of the video output device is a

5   computer monitor, however, there are certainly a number of other appropriate video

6   output devices that are capable of visually conveying the necessary information to the

7   operator. A video driver 380 is also necessary to enable the CPU 310 to connect with the

8   video output device 390.

9   The agent terminal 300 also includes a data storage device 370, in which the

10   calculation processor instructions 375 are stored. These instructions can be read by and

11   executed by the CPU 310, thus enabling the CPU 310 to process transactions.

12   FIG.4 is a flow chart depicting the transaction between the party interested in

13   purchasing Family Protector Insurance (i.e., the purchasing party) and the insurer. The

14   steps show in FIG. 4 may, but need not, be implemented through the use of a computer

15   network. Similarly, with respect to other embodiments of the present invention,

16   specifically but not limited to those embodiments described in FIG. 4, FIG. 5 (infra),

17   FIG.6 (infra), FIG. 7 (infra) and FIG. 8 (infra), it is also possible, but not necessary, to

18   implement the invention through the use of a computer network. It should be noted that

19   the preferred embodiment of a computer network is the global medium of communication

20   commonly referred to as the Internet. In these embodiments, the party interested in

21   purchasing the Family Protector Insurance inputs the relevant information into a

22   computer or agent terminal and transmits the information to the insurer through the

23   Internet. It should be readily apparent, however, that transmission and receipt of

1   information may also be accomplished through a stand alone computer network, which

2   may or may not be connected to the Internet.

3   At the outset, the party interested in purchasing the Family Protector Insurance

4   contacts an insurer offering that insurance policy, 400.

5   For purposes of this invention generally, and specifically for purposes of the

6   embodiments described in FIG. 4, FIG. 5 (infra), FIG.6 (infra), FIG. 7 (infra) and FIG. 8

7   (infra), the person interested in purchasing the Family Protector Insurance can be either

8   the payor spouse or the payee spouse. It should be obvious to one skilled in the art that

9   the party interested in purchasing the Family Protector Insurance may do so through and

10   an agent, such as legal counsel, a business advisor, personal representative and/or a

11   fiduciary. Likewise, it should also be apparent that this transaction could be directed to

12   be initiated at the order of a court, as a part of a some court order or divorce decree. The

13   fact that an intermediary is used in purchasing or inquiring about the Family Protector

14   Insurance does not change or alter the invention; the party interested in purchasing the

15   Family Protector Insurance stays the same. Likewise, the fact that a court orders a party

16   to purchase Family Protector insurance does not change the invention or alter the fact that

17   it is the interested party actually seeking and purchasing the insurance policy. Moreover,

18   it should also be apparent that this transaction could be initiated at the time the divorce is

19   finalized, at the time any child support payments are ordered, or at any time subsequent.

20   After the party interested in purchasing the Family Protector Insurance makes the

21   initial contact, 400, the purchasing party will select the desired policy and convey

22   information to the insurer, 410. As a result of the information conveyed to the insurer a

23   decision will be made whether to offer a policy, 420. The insurer can either decline to

1   issue a policy, in which case no policy will issue, 425, or the insurer can decide to offer a

2   policy. If the insurer decides to offer a policy the insurer will calculate the policy price,

3   430. After the policy price is calculated it will be conveyed to the purchasing party, 440.

4   The purchasing party then has the option to accept or deny the policy, 450, at least in so

5   far as the insurer is concerned. It will be obvious to those skilled in the art that if an

6   individual is under an order of the court to obtain Family Protector Insurance, that

7   individual does not have the option not to obtain such insurance, but rather the decision

8   discussed of here is the decision whether to accept or deny a particular policy offered by

9   a particular insurance agent. If the purchasing party does not agree to the policy price no

10   policy is issued, 455. If the purchasing party agrees to the policy price the insurer and the

11   purchasing party enter into a contract for Family Protector Insurance, 460.

12   FIG.5 is a flow chart depicting the initiation of a transaction between the party

13   interested in purchasing Family Protector Insurance (i.e., the purchasing party) and an

14   insurance agent. The steps show in FIG. 5 may, but need not, be implemented through the

15   use of a computer program and/or network.

16   At the outset, the party interested in purchasing the Family Protector Insurance

17   contacts an insurance agent, 500. After the party interested in purchasing the Family

18   Protector Insurance makes the initial contact, 500, the purchasing party will select the

19   desired policy and convey information to the insurance agent, 510. The insurance agent

20   will then determine whether to offer Family Protector Insurance, 530. The insurance

21   agent can either decline to issue a policy, in which case no policy will issue, 535, or the

22   insurance agent can decide to offer a policy. If the insurance agent decides to offer a

23   policy the insurer will calculate the policy price, 540. After the policy price is calculated

1   it will be conveyed to the purchasing party, 550. The purchasing party then has the

2   option to accept or deny the policy, 560, at least in so far as the insurance agent is

3   concerned. It will be obvious to those skilled in the art that if an individual is under an

4   order of the court to obtain Family Protector Insurance, that individual does not have the

5   option not to obtain such insurance, but rather the decision discussed of here is the

6   decision whether accept or deny a particular policy offered by a particular insurance

7   agent. If the purchasing party does not agree to the policy price no policy is issued, 565.

8   If the purchasing party agrees to the policy price the insurer and the purchasing party

9   enter into a contract for Family Protector Insurance, 570.

10   FIG.6 is a flow chart depicting the initiation of a transaction between the party

11   interested in purchasing Family Protector Insurance (i.e., the purchasing party) and an

12   insurance agent. The steps show in FIG. 6 may, but need not, be implemented through the

13   use of a computer program and/or network.

14   At the outset, the party interested in purchasing the Family Protector Insurance

15   contacts an insurance agent, 610. After the party interested in purchasing the Family

16   Protector Insurance makes the initial contact, 610, the purchasing party will select the

17   desired policy and convey information to the insurance agent, 620. The insurance agent

18   will then convey the information of the purchasing party to the insurer, 630. The insurer

19   will then determine whether to offer Family Protector Insurance, 640. The insurer can

20   either decline to issue a policy, in which case no policy will issue, 645, or the insurance

21   agent can decide to offer a policy. If the insurance agent decides to offer a policy the

22   insurer will calculate the policy price, 650. After the policy price is calculated it will be

23   conveyed to the purchasing party, 660. The purchasing party then has the option to

1 accept or deny the policy, 670, at least in so far as the insurer is concerned. It will be

2 obvious to those skilled in the art that if an individual is under an order of the court to

3 obtain Family Protector Insurance, that individual does not have the option not to obtain

4 such insurance, but rather the decision discussed of here is the decision whether accept or

5 deny a particular policy offered by a particular insurance agent. If the purchasing party

6 does not agree to the policy price no policy is issued, 675. If the purchasing party agrees

7 to the policy price the insurer and the purchasing party enter into a contract for Family

8 Protector Insurance, 680.

9   FIG.7 is a flow chart depicting the initiation of a transaction between the party

10 interested in purchasing Family Protector Insurance (i.e., the purchasing party) and an

11 insurer.

12   At the outset, the party interested in purchasing the Family Protector Insurance

13 contacts an insurer, 700. After the party interested in purchasing the Family Protector

14 Insurance makes the initial contact, 700, the purchasing party will select the desired

15 policy, 710, and will enter, or have entered on their behalf, information into an agent

16 terminal, 720. The information entered will then be transmitted to a central controller,

17 730. The central controller will process the information and determine whether to offer

18 Family Protector Insurance, 740. The central controller will either determine not to issue

19 a policy, in which case no policy will issue, 745, or the central controller will determine

20 to offer a policy. If the central controller determines that a policy should be offered a

21 price will be calculated for the policy, 750. After the policy price is calculated it will be

22 transmitted to the purchasing party, 760. The purchasing party then has the option to

23 accept or deny the policy, 770, at least in so far as the insurer is concerned. It will be

1   obvious to those skilled in the art that if an individual is under an order of the court to

2   obtain Family Protector Insurance, that individual does not have the option not to obtain

3   such insurance, but rather the decision discussed of here is the decision whether accept or

4   deny a particular policy offered by a particular insurance agent. If the purchasing party

5   does not agree to the policy price no policy is issued, 775. If the purchasing party agrees

6   to the policy price the insurer and the purchasing party enter into a contract for Family

7   Protector Insurance, 780.

8   FIG.8 is a flow chart depicting the initiation of a transaction between the party

9   interested in purchasing Family Protector Insurance (i.e., the purchasing party) and an

10   insurer.

11   At the outset, the party interested in purchasing the Family Protector Insurance

12   contacts an insurance agent, 800. After the party interested in purchasing the Family

13   Protector Insurance makes the initial contact, 800, the purchasing party will select the

14   desired policy, 810, and will enter, or have entered on their behalf, information into an

15   agent terminal, 820.

16   Once entered, the information will then be transmitted to a central controller, 830.

17   The central controller will process the information and determine whether to offer Family

18   Protector Insurance, 840. The central controller will either determine not to issue a

19   policy, in which case no policy will issue, 845, or the central controller will determine to

20   offer a policy. If the central controller determines that a policy should be offered a price

21   will be calculated for the policy, 850. After the policy price is calculated it will be

22   transmitted to the purchasing party, 860. The purchasing party then has the option to

23   accept or deny the policy, 870, at least in so far as the insurer is concerned. It will be

1   obvious to those skilled in the art that if an individual is under an order of the court to

2   obtain Family Protector Insurance, that individual does not have the option not to obtain

3   such insurance, but rather the decision discussed of here is the decision whether accept or

4   deny a particular policy offered by a particular insurance agent. If the purchasing party

5   does not agree to the policy price no policy is issued, 875. If the purchasing party agrees

6   to the policy price the insurer and the purchasing party enter into a contract for Family

7   Protector Insurance, 880.

8   While the present invention has been described above in terms of specific

9   embodiments, it is to be understood that the invention is not limited to the disclosed

10   embodiments. To the contrary, the present invention is intended to cover various

11   modifications and equivalent structures and methods included within the spirit and scope

12   of the appended claims.